NALEDI LOCAL MUNICIPALITY

2012/2013 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) DRAFT BUDGET DOCUMENT

MARCH 2012

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Part 1 – Annual Budget

Mayor's Foreword

In this year years State of the nation address, President Jacob Zuma outlined the programme of action of cabinet as such: "We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and vibrant economy and where the quality of life is high."

As a local sphere of government, we should do our best to align our programmes to that of national and provincial government. The tool that we use to attain these developmental goals is the budget. It is in a manner that we use the state resources that will reflect the collective determination of the government to address with energy the challenges of creating jobs, reducing poverty, building infrastructure and expanding our economy.

The budget sets out a financial framework for the implementing this vision, framework that is sound and sustainable. It recognises that building South Africa is a multi – decade project that must invigorate out capacity to grow, and must include all South Africans in that growth. This is the reason that we must ensure that this budget represent the aspirations of our people and it used to change their lives for the better.

This budget sets us on a path that will be neither easy nor uncontested, hard work and difficult choices lie ahead. But the journey is underway. We have embarked on the long walk to liberate our people from the bondage of poverty, need, unemployment and underdevelopment.

To liberate us to excise our talents and thrive as individuals, to work together as communities, as organised social formations, as business enterprises, as a proud and forward looking community.

All of this, and more, we must do within a sound fiscal framework. We must also recognise that we are taking steps, this year and next, on a long growth path, a decade – long transformation and expansion of our social and possibilities.

All of the above were taken into account in drafting this budget. So one could appreciate my excitement in tabling this budget. I am confident that as the municipality we are on a correct path and track in the right direction to turn things around, this budget being one.

Best regards,

Clr. Mpolokeng Mahase

Mayor / Speaker

Naledi Local Municipality FS 164

Council Resolutions

On 29 March 2012 the Council of Naledi Local Municipality met in the Council Chambers of Naledi City Hall to consider the Draft annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Naledi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

The Drafts annual budget of the municipality for the financial year 2011/12 and the multi-year and single-year capital appropriations as set out in the following tables:

Budgeted Financial Performance (revenue and expenditure by standard classification)

Budgeted Financial Performance (revenue and expenditure by municipal vote)

Budgeted Financial Performance (revenue by source and expenditure by type)

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source

The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

Budgeted Financial Position

Budgeted Cash Flows

Cash backed reserves and accumulated surplus reconciliation

1.2.5. Basic service delivery measurement

The Council of Naledi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012

the tariffs for property rates – as set out in Annexure A,

the tariffs for the supply of water – as set out in Annexure C

the tariffs for sanitation services – as set out in Annexure E

2.5. the tariffs for solid waste services – as set out in Annexure F

3. The Council of Naledi Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexures G1 to G21 respectively.

4. To give proper effect to the municipality‟s annual budget, the Council of Naledi Local Municipality approves:
4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

Executive Summary

The 2011/2012 budget preparation and IDP review process were conducted partly in line with the legislative and regulatory frameworks prescribed by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Guide. The format and contents of this budget document are in accordance with the guidelines contained in *MFMA Circular 51.*

The draft budget was tabled in Council on 30 March 2011 after which an *community consultation* and public participation process was conducted in April 2011. The programme that will follow with the various public meetings held is included on page 21 of the budget document. .

The *strategic alignment* between national, provincial and district service delivery priorities was also a critical factor during the IDP review and budget preparation process. Alignment between the Free State Growth and Development Strategy (PGDS), 2008-2015 and the Motheo District Municipality were important considerations and inputs during the process.

Free State PGDS (2008-2015) Priority Areas for Intervention	Motheo District Municipality Integrated Goals
Economic Growth, Development and Employment Justice and Crime Prevention Social and Human Development Efficient Governance and Administration	Effective, sustainable accountable governance High level financial performance and management Efficient and effective service delivery Promotion of public participation and awareness Strategic economic and social role playing in the District

The Key Performance Areas of the Naledi Local Municipality, in line with provincial and district priorities and goals are:

Governance and Administration
Economic and Development
Social and Human Development
Safety and Security

The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
• Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
• Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
• There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
• An upper limit of R1.7 million was set for the
In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

R Thousand	Adjustment Budget 2011-2012	Budget Year 2012-2013	Budget Year 2013-2014	Budget Year 2014-2015
Total Operating revenue	49 015 893	55 616 000	59 222 000	63 091 000
Total Operating Expenditure	49 070 599	55 417 000	59 961 000	55 270 000
Surplus/Deficit for the year	(54 706)	199 000	739 000	7 821 000
Total Capital Expenditure	15 397 000	16 585 000	15 768 000	990 000

Total operating revenue has grown by R 6 600 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 3 606 and 2 268 million respectively, equating to a total revenue growth of R 14 075 million over the MTREF when compared to the 2011/2012 financial year.
Total operating expenditure for the 2011/12 financial year has been appropriated at R55 417 million and translates into a budgeted surplus of R199 thousand. When compared to the 2011/2012 Adjustments Budget, operational expenditure has grown by R6 236 million in the 2012/13 budget and by R4 544 million and R 4 691 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R559 million and then stabilise at R 7 821 million.

The capital budget of R 16 585 Million for 2012/13 is less when compared to the 2011/12 Adjustment Budget.The capital programme increases to R 15 768 million in the 2013/14 financial year and then evens out in 2014/15 to R 990 thousand.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. The municipality‟s revenue strategy is built around the following key components:

• National Treasury‟s guidelines ;
• Growth in the Community and continued economic development;
• Efficient revenue management, which aims to ensure a 50 per cent annual collection rate for property rates and other key service charges;
• Achievement of full cost recovery of specific user charges especially in relation to trading services;
• Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
• The municipality‟s Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
• Increase ability to extend new services and recover costs;
• The municipality‟s Indigent Policy and rendering of free basic services; and
• Tariff List of the Municipality

The following table is a summary of the 2012/2013 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	3,041	3,002	2,355	2,547	2,547	–	–	3,926	4,094	4,299

Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	11,800	5,540	2,936	3,230	3,230	–	–	4,391	4,561	4,739
Service charges - sanitation revenue	2	3,466	3,019	3,165	3,355	3,355	–	–	4,523	4,699	4,884
Service charges - refuse revenue	2	2,105	2,043	2,121	2,248	2,248	–	–	3,294	3,479	3,603
Service charges - other											
Rental of facilities and equipment		–	–	–	331	320			–	–	–
Interest earned - external investments									–	–	–
Interest earned - outstanding debtors		–	–	–	167	32			–	–	–
Dividends received		–	–	–	10	5			–	–	–
Fines		–	–	–	5	5			–	–	–
Licences and permits										–	
Agency services											
Transfers recognised - operational		18,976	25,769	35,625	35,528	35,528			39,482	42,389	45,567
Other revenue	2	1,621	7,781	2,190	1,369	1,601	–	–	–	–	–
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		41,009	47,154	48,392	48,790	48,871	–	–	55,616	59,222	63,091

Table 3 Percentage growth in revenue by main revenue source

Description	Ref	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework					
R thousand	1	Original Budget	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source										

Property rates	2	2,547	2,547	5%	3,926	7.06%	4,094	7%	4,299	7%
Property rates - penalties & collection charges		0	0	0%	0	0.00%		0%		0%
Service charges - electricity revenue	2	0	0	0%	0	0.00%	0	0%	0	0%
Service charges - water revenue	2	3,230	3,230	7%	4,391	7.90%	4,561	8%	4,739	8%
Service charges - sanitation revenue	2	3,355	3,355	7%	4,523	8.13%	4,699	8%	4,884	8%
Service charges - refuse revenue	2	2,248	2,248	5%	3,294	5.92%	3,479	6%	3,603	6%
Service charges - other				0%		0.00%		0%		0%
Rental of facilities and equipment		331	320	1%	0	0.00%	0	0%	0	0%
Interest earned - external investments				0%	0	0.00%	0	0%	0	0%
Interest earned - outstanding debtors		167	32	0%	0	0.00%	0	0%	0	0%
Dividends received		10	5	0%	0	0.00%	0	0%	0	0%
Fines		5	5	0%	0	0.00%	0	0%	0	0%
Licences and permits				0%		0.00%	0	0%		0%
Agency services				0%		0.00%		0%		0%
Transfers recognised - operational		35,528	35,528	73%	39,482	70.99%	42,389	72%	45,567	72%
Other revenue	2	1,369	1,601	3%	0	0.00%	0	0%	0	0%
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		48,790	48,871	100%	55,616	100.00%	59,222	100%	63,092	100%
Total Revenue form rates and service charges		**11,380**	**11,380**	**23%**	**16,134**	**29%**	**16,833**	**28%**	**17,525**	**28%**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.
Revenue generated from rates and services charges forms a significant percentage of the revenue for the Municipality. In the 2011/12 financial year, revenue from rates and services charges totalled R11 380 million or 23 per cent. This increases to R16, 134 million, R 16.833 million and R17, 525 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 29 per cent in 2012/13 to 28% per cent in 2013/14. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.
Operating grants and transfers totals R35 million in the 2011/12 financial year and steadily increases to R45 million by 2013/14

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15

RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		21,288	25,769	32,082	35,528	35,528	–	39,482	42,387	45,567
Local Government Equitable Share		18,128	23,469	29,882	33,288	33,288		37,182	40,017	43,117
Finance Management		500	1,000	1,200	1,450	1,450		1,500	1,500	1,500
Municipal Systems Improvement		2,660	1,300	1,000	790	790		800	870	950
Provincial Government:		–	–	83	–	–	–	–	–	–
Sport and Recreation		–	–	83						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	6,834	–	–	–	–	–	–	–
GRANT- MOTHEO SENIOR TECHNICIAN		–	6,834							
Total Operating Transfers and Grants	5	21,288	32,603	32,165	35,528	35,528	–	39,482	42,387	45,567
Capital Transfers and Grants										
National Government:		9,928	10,605	12,634	15,598	15,598	–	18,663	18,105	19,152
Municipal Infrastructure Grant (MIG)		9,928	10,605	11,764	14,149	14,149		17,163	18,105	19,152
Regional Bulk Infrastructure		–	–	–	–	–		500	–	–
EPWP		–	–	870	1,449	1,449		1,000	–	–
Provincial Government:		–	–	3,460	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	3,460						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	1,828	–	–	–	–	–	–	–
GRANT- MOTHEO SENIOR T		–	1,828	–	–	–		–	–	–
Total Capital Transfers and Grants	5	9,928	12,433	16,094	15,598	15,598	–	18,663	18,105	19,152
TOTAL RECEIPTS OF TRANSFERS & GRANTS		31,216	45,036	48,259	51,126	51,126	–	58,145	60,492	64,719

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in

excess of the 6 per cent upper boundary of the South African Reserve Bank‟s inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality‟s budgeting process.
National Treasury‟s MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2009/2010 financial year the maximum reduction is determined as R35 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R20 000 is an important part of the council’s indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.14(b) of this policy is exempted from paying rates.

11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.

On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.

On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

Welfare and humanitarian

For example PBOs providing disaster relief.

Health Care

For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.

Education and development

For example PBO's providing early childhood development services for pre-school children.

Sporting bodies

Property used by an organization for sporting purposes on a non-professional basis:

Cultural institutions

Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

Museums, libraries, art galleries and botanical gardens

Property registered in the name of private persons, open to the public and not operated for gain.

Animal welfare

Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

Cemeteries and crematoriums

Property used for cemeteries and crematoriums.

Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria

facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

Charitable institutions

Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.

11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.

11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

Table 5 Comparison of proposed rates to levied for the 2011/12 financial year

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2012)
RESIDENTIAL	0.0110	0.0110
BUSINESS/INDUSTRIAL/COMMERCIAL	0.0110	0.0110
STATE OWNED-GOVERNMENT	0.0220	0.0220
AGRICULTURAL	0.0006875	0.0006875

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

• Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

• Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and

• Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.
A tariff increase of 6 per cent from 1 July 2012 for water is proposed. This is based on input cost assumptions of 12.1 per cent increase in the cost of bulk water, In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Categories	Current Tarrifs 1 July 2011	Proposed Tarrifs 1 July 2012
Consumers		
Service levy	16.53	17.52
Service levy - Commerce.governm,sport & schools	97.67	103.53
Per Kl usage (1 -6)	0.00	0.00
Per Kl usage (>6 Kl -30Kl)	8.20	8.69
>30kL + COMMERCE,GOVERNMENT	8.77	9.30
CONTRACTORS		
BREAKAGE		
BREAKAGE UNREPORTED		
Per Kl usage	7.79	8.25

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

1.4.4 Sanitation and Impact of Tariff Increases
A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water.
The following factors also contribute to the proposed tariff increase:
• Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
• Free sanitation (98 per cent of 6 kℓ water) will be applicable to registered indigents.

The following table compares the current and proposed tariffs:
Table 7 Comparison between current sanitation charges and increases

Categories	Current Tarrifs 1 July 2011	Proposed Tarrifs 1 July 2012
Sewerage connected at network or suction tank		
Boarding houses	150.45	159.48
Houses per month	50.87	53.92
Offices per month	90.27	95.69
Offices per month - Suction	90.27	95.69
Shops & Sport Clubs per month	97.44	103.28
Large businesses per month	203.47	215.68
SAP and hotel/guest house per month	967.21	1025.24
School per month	2,579.22	2733.98
Correction Services per month	2,149.35	2278.31
Spoornet per month	97.44	103.28
Churches/creches	50.87	53.92
Suctions - Domestic	50.87	53.92
Amandelhof & Stiilehawe	398.35	422.25
Flats - i.e. More than 3 flats on one site /flat	50.87	53.92

1.4.5 Waste Removal and Impact of Tariff Increases

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The following table compares current and proposed amounts payable from 1 July 2012
A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed.
The following factors also contribute to the proposed tariff increase:
•Waste charges are calculated according to the percentage Waste Removal discharged as indicated in the table below;

Categories	Current Tarrifs 1 July 2011	Proposed Tarrifs 1 July 2013
Domestic houses per month	40.84	43.29
Offices per month	63.05	66.83
Shops per month	114.63	121.51
Large businesses per month	361.09	382.76
SAP and hotel per month	361.09	382.76
School per month	226.40	239.98
Hostel per month	361.09	382.76
Correction Services per month	361.09	382.76
Spoornet per month	114.63	121.51
Boarding house	114.63	121.51

1.5 Operating Expenditure Framework

The Municipal expenditure framework for the 2012/13 budget and MTREF is informed by the following:

• The asset renewal strategy and the repairs and maintenance plan;

• Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

• Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

• The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

• Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

• Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type	-										
Employee related costs	2	16,708	17,795	22,534	25,177	22,972	_	_	24,487	25,654	26,914
Remuneration of councillors		650	3,450	1,564	1,662	1,827			1,739	1,913	2,024
Debt impairment	3	993	4,058	3,865	718	718			1,400	1,420	1,440
Depreciation & asset impairment	2	_	–	4,500	1,500	1,500	_	_	1,500	1,500	1,500
Finance charges		_	–	–	48	48					
Bulk purchases	2	3,735	5,346	4,721	6,000	6,000	_	_	7,000	8,000	9,000
Other materials	8										
Contracted services		_	–	–	–	–	_	_	–	–	–
Transfers and grants		_	–	–	–	–	_	_	–	–	–
Other expenditure	4, 5	20,171	31,637	23,833	13,663	15,751	_	_	19,291	21,474	14,392
Loss on disposal of PPE											
Total Expenditure		42,257	62,286	61,017	48,768	48,816	_	_	55,417	59,961	55,270

The budgeted allocation for employee related costs for the 2014/13 financial year totals R24 million, which equals per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 5 per cent for the 2012/13 financial year. An annual increase of per cent has been included in the two outer years of the MTREF. As part of the Municipal cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipal budget.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipal current infrastructure, the 2011/12 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		1,138	1,800	804	878	2,291					
Total Repairs and Maintenance Expenditure	9	1,138	1,800	804	878	2,291	–	–	–	–	–

In relation to the total operating expenditure, repairs and maintenance comprises of R 878 and per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and Maintenance by Asset Class	3	1,136	1,800	1,396	878	2,291	–	2,230	1,802	2,115
Infrastructure - Road transport		113	932	178	270	588	–	950	500	550
Infrastructure - Electricity		–	32	40	–	–	–	–	–	–
Infrastructure - Water		429	50	755	145	161	–	210	242	285
Infrastructure - Sanitation		83	160	162	100	100	–	100	100	100
Infrastructure - Other		11	175	34	219	1,366	–	250	290	340
Infrastructure		*636*	*1,349*	*1,169*	*734*	*2,215*	–	*1,510*	*1,132*	*1,275*
Community		500	451	227	110	53	–	300	240	400
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	34	23	–	420	430	440
TOTAL EXPENDITURE OTHER ITEMS		1,136	1,800	5,896	2,378	3,791	–	3,730	3,302	3,615

For the 2012/12 financial year 2 million of the total repair and maintenance will be spent on the infrastructure assets. Water at 210 thousand and sanitation at 100 thousand .Community assets has been allocated 300 thousand of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 10 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2011/12 Medium-term capital budget per vote

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard											
Governance and administration		(34)	70	387	–	–	–	–	–	–	–
Executive and council		(6)	30	37							
Budget and treasury office		(28)	40	350							
Corporate services											
Community and public safety		–	2,500	–	6,222	6,222	–	–	3,710	358	–
Community and social services											
Sport and recreation		–	1,600		6,222	6,222	–		3,710	358	–
Public safety											
Housing		–	900								
Health											
Economic and environmental services		40	4,317	6,283	1,750	550	–	–	1,583	6,000	6,452
Planning and development		–	517								
Road transport		30	3,320	6,283	1,750	550			1,583	6,000	6,452
Environmental protection		10	480								
Trading services		–	11,652	5,481	6,975	8,175	–	–	12,510	10,839	11,700
Electricity		–	1,828						500		
Water		–	5,280		2,698	2,698			9,900	10,241	

				5,481							10,500
Waste water management			2,074	–	4,277	5,477			2,110	598	1,200
Waste management			2,470								
Other					650	650			860	908	1,000
Total Capital Expenditure - Standard	3	6	18,539	12,151	15,597	15,597	–	–	18,663	18,105	19,152

For the 2012/13 financial year an amount of 15 million has been appropriated for the development of infrastructure of the total capital expenditure.

Table 12 A1 –Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	3,041	3,002	2,355	2,547	2,547	–	–	3,926	4,094	4,299
Service charges	17,371	10,602	8,222	8,833	8,833	–	–	12,208	12,739	13,226
Investment revenue	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	18,976	25,769	35,625	35,528	35,528	–	–	39,482	42,389	45,567
Other own revenue	1,621	7,781	2,190	1,882	1,963	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	41,009	47,154	48,392	48,790	48,871	–	–	55,616	59,222	63,091
Employee costs	16,708	17,795	22,534	25,177	22,972	–	–	24,487	25,654	26,914
Remuneration of councillors	650	3,450	1,564	1,662	1,827	–	–	1,739	1,913	2,024
Depreciation & asset impairment	–	–	4,500	1,500	1,500	–	–	1,500	1,500	1,500
Finance charges	–	–	–	48	48	–	–	–	–	–
Materials and bulk purchases	3,735	5,346	4,721	6,000	6,000	–	–	7,000	8,000	9,000
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	21,164	35,695	27,698	14,381	16,469	–	–	20,691	22,894	15,832
Total Expenditure	42,257	62,286	61,017	48,768	48,816	–	–	55,417	59,961	55,270
Surplus/(Deficit)	(1,248)	(15,132)	(12,625)	22	55	–	–	199	(739)	7,821
Transfers recognised - capital	–	13,433	12,634	15,597	15,597	–	–	18,663	18,105	19,152
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(1,248)	(1,699)	9	15,619	15,652	–	–	18,862	17,366	26,973
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(1,248)	(1,699)	9	15,619	15,652	–	–	18,862	17,366	26,973

Capital expenditure & funds sources										
Capital expenditure	6	18,539	12,151	15,597	15,597	–	–	18,663	18,105	19,152
Transfers recognised - capital	824	20,267	12,634	15,598	15,598	–	–	18,663	18,105	19,152
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	824	20,267	12,634	15,598	15,598	–	–	18,663	18,105	19,152
Financial position										
Total current assets	16,564	29,721	12,302	81,230	81,230	–	–	72,250	72,300	72,350
Total non current assets	34,321	34,452	46,252	57,252	57,252	–	–	69,452	82,452	73,452
Total current liabilities	29,519	47,396	32,523	32,803	32,803	–	–	30,113	20,113	15,113
Total non current liabilities	765	651	538	425	425	–	–	450	495	528
Community wealth/Equity	30,348	28,008	28,237	28,306	28,306	–	–	35,000	38,580	45,240
Cash flows										
Net cash from (used) operating	(1,249)	11,733	12,643	15,667	15,667	–	–	18,663	29,097	26,085
Net cash from (used) investing	–	13,433	12,634	15,598	15,598	–	–	18,663	18,105	19,152
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	(10,232)	14,934	40,211	43,426	36,265	–	5,000	42,326	89,528	134,765
Cash backing/surplus reconciliation										
Cash and investments available	(10,232)	(11,810)	12,302	12,230	12,230	–	–	12,250	12,300	12,350
Application of cash and investments	1,989	4,803	30,000	(39,052)	(38,607)	–	–	(29,999)	(40,002)	(44,999)
Balance - surplus (shortfall)	(12,221)	(16,613)	(17,698)	51,282	50,837	–	–	42,249	52,302	57,349
Asset management										
Asset register summary (WDV)	166,514	166,541	166,541	171,639	171,639	–	188,441	188,441	206,842	207,444
Depreciation & asset impairment	–	–	4,500	1,500	1,500	–	1,500	1,500	1,500	1,500
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	1,136	1,800	1,396	878	2,291	–	2,230	2,230	1,802	2,115
Free services										
Cost of Free Basic Services provided	19,740	21,512	22,908	22,908	22,908	–	22,908	22,908	22,908	22,908
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	0	0	0	0	0	–	0	0	0	0
Sanitation/sewerage:	0	0	0	0	–	–	0	0	0	0
Energy:		0	0	0	–	–	0	0	0	0

Refuse:	0 –	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipal budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
b. Capital expenditure is balanced by capital funding sources, of which

i. Transfers recognised is reflected on the Financial Performance Budget;
ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
iii. An internally generated fund is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Governance and administration		10,756	18,656	28,230	27,055	27,480	–	31,366	33,426	35,964
Executive and council		8,133	8,131	10,669	7,776	8,206	–	9,725	10,247	10,834
Budget and treasury office		2,058	5,697	12,925	14,180	14,061	–	15,512	16,562	17,956
Corporate services		565	4,828	4,636	5,099	5,213	–	6,129	6,616	7,174
Community and public safety		4,300	6,757	4,972	10,507	10,161	–	7,860	4,705	4,684

Community and social services		1,923	4,273	3,137	8,935	8,890	–	6,745	3,529	3,441
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		36	587	81	90	90	–	100	108	116
Housing		112	1,218	254	272	272	–	134	144	155
Health		2,229	679	1,500	1,210	909	–	881	925	971
Economic and environmental services		1,469	7,666	10,891	5,993	5,993	–	5,216	7,276	14,928
Planning and development		–	840	631	776	776	–	849	964	1,094
Road transport		1,469	6,826	10,260	5,217	5,217	–	4,367	6,312	13,834
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		35,857	27,510	16,935	20,834	20,833	–	29,837	20,927	19,734
Electricity		491	2,398	209	233	233	–	760	280	302
Water		25,363	14,216	9,287	8,992	8,992	–	17,713	10,044	8,707
Waste water management		5,913	6,133	4,305	8,232	8,232	–	6,743	5,768	5,661
Waste management		4,090	4,763	3,134	3,377	3,377	–	4,621	4,835	5,064
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	52,382	60,589	61,028	64,389	64,468	–	74,279	66,335	75,310
Expenditure - Standard	-									
Governance and administration		28,968	20,850	25,294	24,480	25,999	–	32,211	33,907	34,911
Executive and council		18,441	10,222	13,231	11,119	10,213	–	10,332	10,737	11,251
Budget and treasury office		6,740	5,813	8,937	8,151	10,245	–	14,428	15,366	15,525
Corporate services		3,787	4,815	3,126	5,210	5,541	–	7,451	7,804	8,136
Community and public safety		3,753	6,767	5,465	10,838	10,134	–	8,197	4,905	4,992
Community and social services		2,790	4,283	3,780	9,356	8,923	–	6,745	3,466	3,321
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		34	587	52	54	53	–	300	230	400
Housing		116	1,218	233	244	250	–	271	285	299
Health		813	679	1,400	1,184	909	–	881	925	971
Economic and environmental services		2,223	7,667	9,383	4,952	3,542	–	3,832	5,662	13,046
Planning and development		195	840	280	390	390	–	550	600	650
Road transport		2,028	6,827	9,103	4,562	3,152	–	3,282	5,062	12,396
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		9,239	27,004	20,876	24,098	24,738	–	29,839	33,591	21,473
Electricity		228	2,398	524	534	825	–	1,500	1,100	1,400
Water		6,519	14,217	11,767	12,176	11,729	–	20,253	25,203	12,709
Waste water management		1,628	5,626	5,321	8,609	9,585	–	5,335	4,424	4,383
Waste management		864	4,763	3,264	2,779	2,599	–	2,751	2,864	2,980
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	44,183	62,288	61,018	64,368	64,413	–	74,080	78,066	74,422
Surplus/(Deficit) for the year		8,199	(1,699)	10	21	55	–	199	(11,731)	887

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile „whole of government‟ reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - THE COUNCIL		8,133	8,131	10,669	7,776	8,206	–	9,725	10,247	10,834
Vote 2 - BUDGET AND TREASURY OFFICE		2,058	5,697	12,924	14,180	14,061	–	15,512	16,562	17,956
Vote 3 - CORPORATE SERVICES		5,739	4,150	4,518	4,575	4,560	–	5,096	5,499	5,932
Vote 4 - TECHNICAL SERVICES		38,510	41,770	32,285	37,080	36,865	–	43,097	33,062	39,493
Vote 5 - PLANNING AND DEVELOPMENT		–	840	631	776	776	–	849	964	1,094
Total Revenue by Vote	2	54,440	60,588	61,027	64,387	64,468	–	74,279	66,335	75,310
Expenditure by Vote *to be appropriated*	1									
Vote 1 - THE COUNCIL		18,441	10,222	13,232	11,119	10,213	–	10,332	10,737	11,251
Vote 2 - BUDGET AND TREASURY OFFICE		6,740	5,813	8,937	8,151	10,245	–	14,428	15,366	15,525
Vote 3 - CORPORATE SERVICES		3,867	4,137	3,676	4,828	4,561	–	6,297	6,526	6,957

Vote 4 - TECHNICAL SERVICES		14,941	41,274	34,894	39,879	39,003	–	42,472	44,837	40,040
Vote 5 - PLANNING AND DEVELOPMENT		195	840	280	390	390	–	550	600	650
Total Expenditure by Vote	2	44,184	62,286	61,019	64,367	64,412	–	74,080	78,066	74,422
Surplus/(Deficit) for the year	2	10,256	(1,698)	8	20	56	–	199	(11,731)	887

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	3,041	3,002	2,355	2,547	2,547	–	–	3,926	4,094	4,299
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	11,800	5,540	2,936	3,230	3,230	–	–	4,391	4,561	4,739
Service charges - sanitation revenue	2	3,466	3,019	3,165	3,355	3,355	–	–	4,523	4,699	4,884
Service charges - refuse revenue	2	2,105	2,043	2,121	2,248	2,248	–	–	3,294	3,479	3,603
Service charges - other											
Rental of facilities and equipment		–	–	–	331	320			–	–	–
Interest earned - external investments									–	–	–
Interest earned - outstanding		–	–	–	167	32			–	–	–

debtors											
Dividends received		–	–	–	10	5			–	–	–
Fines		–	–	–	5	5			–	–	–
Licences and permits										–	
Agency services											
Transfers recognised - operational		18,976	25,769	35,625	35,528	35,528			39,482	42,389	45,567
Other revenue	2	1,621	7,781	2,190	1,369	1,601	–	–	–	–	–
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		41,009	47,154	48,392	48,790	48,871	–	–	55,616	59,222	63,091
Expenditure By Type											
Employee related costs	2	16,708	17,795	22,534	25,177	22,972	–	–	24,487	25,654	26,914
Remuneration of councillors		650	3,450	1,564	1,662	1,827			1,739	1,913	2,024
Debt impairment	3	993	4,058	3,865	718	718			1,400	1,420	1,440
Depreciation & asset impairment	2	–	–	4,500	1,500	1,500	–	–	1,500	1,500	1,500
Finance charges		–	–	–	48	48					
Bulk purchases	2	3,735	5,346	4,721	6,000	6,000	–	–	7,000	8,000	9,000
Other materials	8										
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	20,171	31,637	23,833	13,663	15,751	–	–	19,291	21,474	14,392
Loss on disposal of PPE											
Total Expenditure		42,257	62,286	61,017	48,768	48,816	–	–	55,417	59,961	55,270
Surplus/(Deficit)		(1,248)	(15,132)	(12,625)	22	55	–	–	199	(739)	7,821
Transfers recognised - capital		–	13,433	12,634	15,597	15,597			18,663	18,105	19,152
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(1,248)	(1,699)	9	15,619	15,652	–	–	18,862	17,366	26,973
Taxation											
Surplus/(Deficit) after taxation		(1,248)	(1,699)	9	15,619	15,652	–	–	18,862	17,366	26,973
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(1,248)	(1,699)	9	15,619	15,652	–	–	18,862	17,366	26,973
Share of surplus/ (deficit) of associate	7										

Surplus/(Deficit) for the year		(1,248)	(1,699)	9	15,619	15,652	–	–	18,862	17,366	26,973

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R55 million in 2012/13 and escalates to R 63 million by 2014/15.

2. Revenue to be generated from property rates is R3 million in the 2012/13 financial year and increases to R 4 million by 2014. It remains relatively constant over the medium-term and tariff increases have been factored in at 10 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.

3. Services charges relating to , water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipal totalling R 12 million for the 2012/13 financial year and increasing to R25 million by 2014/15

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 11.6 per cent and 8.9 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - THE COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - BUDGET AND TREASURY OFFICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–

Vote 4 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - THE COUNCIL		(6)	30	37	–	–	–	–	–	–	–
Vote 2 - BUDGET AND TREASURY OFFICE		(28)	40	350	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		10	480	–	6,222	6,222	–	–	3,710	358	–
Vote 4 - TECHNICAL SERVICES		848	123,033	11,764	9,375	9,375	–	–	14,953	17,747	19,152
Vote 5 - PLANNING AND DEVELOPMENT		–	517	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–

Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		824	124,100	12,151	15,597	15,597	–	–	18,663	18,105	19,152
Total Capital Expenditure - Vote		824	124,100	12,151	15,597	15,597	–	–	18,663	18,105	19,152
Capital Expenditure - Standard											
Governance and administration		(34)	70	387	–	–	–	–	–	–	–
Executive and council		(6)	30	37							
Budget and treasury office		(28)	40	350							
Corporate services											
Community and public safety		–	2,500	–	6,222	6,222	–	–	3,710	358	–
Community and social services											
Sport and recreation		–	1,600		6,222	6,222	–		3,710	358	–
Public safety											
Housing		–	900								
Health											
Economic and environmental services		40	4,317	6,283	1,750	550	–	–	1,583	6,000	6,452
Planning and development		–	517								
Road transport		30	3,320	6,283	1,750	550			1,583	6,000	6,452
Environmental protection		10	480								
Trading services		–	11,652	5,481	6,975	8,175	–	–	12,510	10,839	11,700
Electricity		–	1,828						500		
Water		–	5,280	5,481	2,698	2,698			9,900	10,241	10,500
Waste water management			2,074	–	4,277	5,477			2,110	598	1,200
Waste management			2,470								
Other					650	650			860	908	1,000
Total Capital Expenditure - Standard	3	6	18,539	12,151	15,597	15,597	–	–	18,663	18,105	19,152
Funded by:											
National Government		824	13,433	12,634	15,598	15,598			18,663	18,105	19,152
Provincial Government											
District Municipality			6,834								
Other											

transfers and grants											
Transfers recognised - capital	4	824	20,267	12,634	15,598	15,598	–	–	18,663	18,105	19,152
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	824	20,267	12,634	15,598	15,598	–	–	18,663	18,105	19,152

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Single-year capital expenditure has been appropriated at R18 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R18 million and R19 million respectively for the two outer years.

Table 17 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		(10,232)	(11,932)	12,170	12,230	12,230			12,250	12,300	12,350
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	–	–	–	–	–	–	–	–	–	–
Other debtors		4,668	17,775	–	9,000	9,000					
Current portion of long-term receivables											
Inventory	2	1,014	1,014								
Total current assets		(4,550)	6,857	12,170	21,230	21,230	–	–	12,250	12,300	12,350
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	–	–	–	–	–	–	–	–	–	–
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS		(4,550)	6,857	12,170	21,230	21,230	–	–	12,250	12,300	12,350
LIABILITIES											
Current liabilities	-										
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–

Consumer deposits		351	378	410	490	490					
Trade and other payables	4	–	–	–	–	–	–	–	–	–	–
Provisions		1,285	1,587	2,000	2,200	2,200					
Total current liabilities		1,636	1,965	2,410	2,690	2,690	–	–	–	–	–
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		–	–	–	–	–	–	–	–	–	–
TOTAL LIABILITIES		1,636	1,965	2,410	2,690	2,690	–	–	–	–	–
NET ASSETS	5	(6,186)	4,892	9,760	18,540	18,540	–	–	12,250	12,300	12,350
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		25,356	28,008	28,237	28,306	28,306			35,000	38,580	45,240
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	25,356	28,008	28,237	28,306	28,306	–	–	35,000	38,580	45,240

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		22,032	21,384	12,767	13,262	13,262			16,134	16,833	17,524
Government - operating	1	18,976	25,769	35,625	35,528	35,528			39,482	42,389	45,567
Government - capital	1	–	13,433	12,634	15,598	15,598			18,663	18,105	19,152
Interest											
Dividends											
Payments											
Suppliers and employees		(42,257)	(48,853)	(48,383)	(48,673)	(48,673)			(55,616)	(48,230)	(56,158)
Finance charges					(48)	(48)					
Transfers and Grants	1								–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(1,249)	11,733	12,643	15,667	15,667	–	–	18,663	29,097	26,085
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–						
Decrease (Increase) in non-current debtors					–						
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		–	13,433	12,634	15,598	15,598			18,663	18,105	19,152
NET CASH FROM/(USED) INVESTING		–	13,433	12,634	15,598	15,598	–	–	18,663	18,105	19,152

ACTIVITIES											
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(1,249)	25,166	25,277	31,265	31,265	–	–	37,326	47,202	45,237
Cash/cash equivalents at the year begin:	2	(8,983)	(10,232)	14,934	12,161	5,000		5,000	5,000	42,326	89,528
Cash/cash equivalents at the year end:	2	(10,232)	14,934	40,211	43,426	36,265	–	5,000	42,326	89,528	134,765

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

4. Cash and cash equivalents totals R1.1 billion as at the end of the 2011/12 financial year and escalates to R1.2 billion by 2013/14.

Table 19 MBRR Table A9 - Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
Total New Assets	1	824	18,703	12,151	15,597	11,149	–	17,085	15,768	990
Infrastructure - Road transport		30	3,320	6,283	1,750	–	–	500	–	–
Infrastructure - Electricity		–	1,828	–	–	–	–	500	–	–
Infrastructure - Water		–	5,380	3,600	2,698	–	–	9,900	14,180	–
Infrastructure - Sanitation		54	2,074	511	–	–	–	–	–	–
Infrastructure - Other		–	2,470	1,370	4,277	4,277	–	1,550	348	–
Infrastructure		*84*	*15,072*	*11,764*	*8,725*	*4,277*	–	*12,450*	*14,528*	–
Community		740	3,631	387	6,222	6,222	–	3,775	333	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	650	650	–	860	908	990
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		30	3,320	6,283	1,750	–	–	500	–	–
Infrastructure -		–	1,828	–	–	–	–	500	–	–

Electricity										
Infrastructure - Water		–	5,380	3,600	2,698	–	–	9,900	14,180	–
Infrastructure - Sanitation		54	2,074	511	–	–	–	–	–	–
Infrastructure - Other		–	2,470	1,370	4,277	4,277	–	1,550	348	–
Infrastructure		*84*	*15,072*	*11,764*	*8,725*	*4,277*	–	*12,450*	*14,528*	–
Community		740	3,631	387	6,222	6,222	–	3,775	333	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	650	650	–	860	908	990
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	824	18,703	12,151	15,597	11,149	–	17,085	15,768	990
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		9,017	9,017	9,017	10,767	10,767		11,350	17,350	7,452
Infrastructure - Electricity		12,413	12,413	12,413	12,413	12,413		12,913	12,913	12,913
Infrastructure - Water		28,300	28,300	28,300	30,998	30,998		40,898	52,343	62,843
Infrastructure - Sanitation		57,753	57,753	57,753	57,753	57,753		59,862	60,460	60,460
Infrastructure - Other		3,618	3,618	3,618	3,618	3,618		7,328	7,686	7,686
Infrastructure		*111,101*	*111,101*	*111,101*	*115,549*	*115,549*	–	*132,351*	*150,752*	*151,354*
Community		54,218	54,245	54,245	54,245	54,245		54,245	54,245	54,245
Heritage assets										
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		1,195	1,195	1,195	1,845	1,845		1,845	1,845	1,845
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	166,514	166,541	166,541	171,639	171,639	–	188,441	206,842	207,444
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		–	–	4,500	1,500	1,500	–	1,500	1,500	1,500
Repairs and Maintenance by Asset Class	3	1,136	1,800	1,396	878	2,291	–	2,230	1,802	2,115
Infrastructure - Road transport		113	932	178	270	588	–	950	500	550
Infrastructure - Electricity		–	32	40	–	–	–	–	–	–
Infrastructure - Water		429	50	755	145	161	–	210	242	285
Infrastructure - Sanitation		83	160	162	100	100	–	100	100	100
Infrastructure - Other		11	175	34	219	1,366	–	250	290	340
Infrastructure		*636*	*1,349*	*1,169*	*734*	*2,215*	–	*1,510*	*1,132*	*1,275*
Community		500	451	227	110	53	–	300	240	400
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	34	23	–	420	430	440
TOTAL EXPENDITURE OTHER ITEMS		1,136	1,800	5,896	2,378	3,791	–	3,730	3,302	3,615

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality is currently trying to meet both these recommendations.

Table 20 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling		1	1	2	2	2		2	2	2
Piped water inside yard (but not in dwelling)		5	5	6	6	6		6	6	6
Using public tap (at least min.service level)	2	1	1	2	2	2		2	2	2
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		7	7	10	10	10	–	10	10	10
Using public tap (< min.service level)	3	1	1	1	1	1		1	1	1
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		1	1	1	1	1	–	1	1	1
Total number of households	5	8	8	11	11	11	–	11	11	11
Sanitation/sewerage:										

Flush toilet (connected to sewerage)		4	4	5	5			5	5	5
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Service charges - other		4	4	5	5	–	–	5	5	5
Bucket toilet		1	1	1	1			1	1	1
Other toilet provisions (< min.service level)										
No toilet provisions		1	1	1	1			1	1	1
Dividends received		2	2	2	2	–	–	2	2	2
Fines	0	6	6	7	7	–	–	7	7	7
Energy:										
Electricity (at least min.service level)		6	6	7	7			7	7	7
Electricity - prepaid (min.service level)										
Service charges - other		6	6	7	7	–	–	7	7	7
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		2	2	1	1			1	1	1
Dividends received		2	2	1	1	–	–	1	1	1
Fines	0	8	8	8	8	–	–	8	8	8
Refuse:										
Removed at least once a week										
Service charges - other		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Dividends received		–	–	–	–	–	–	–	–	–
Fines	0	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		7	7	7	7	7		7	7	7

Sanitation (free minimum level service)		7	7	7	7	7		7	7	7
Electricity/other energy (50kwh per household per month)		–	–	7	7	7		7	7	7
Refuse (removed at least once a week)		7	7	7	7	7		7	7	7
Cost of Free Basic Services provided (R'000)	8	4,935	5,378	5,727	5,727	5,727		5,727	5,727	5,727
Water (6 kilolitres per household per month)		4,935	5,378	5,727	5,727	5,727		5,727	5,727	5,727
Sanitation (free sanitation service)		4,935	5,378	5,727	5,727	5,727		5,727	5,727	5,727
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)		4,935	5,378	5,727	5,727	5,727		5,727	5,727	5,727
Total cost of FBS provided (minimum social package)		19,740	21,512	22,908	22,908	22,908	–	22,908	22,908	22,908

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Municipal IDP and the budget, taking into account the need to protect the financial sustainability of municipality;

that the municipality‟s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 19 October 2012. Key dates applicable to the process were:

REVISED IDP AND BUDGET PROCESS PLAN TIMETABLE FOR 2012/13 MTREF

(A)	**24 January 2012 – 31 January 2012**	Revision of and approval by Council of the 2010/2011 adjustments budget.	▪ Revision of the 2010/2011 operational and capital budget. ▪ Compilation of the MFMA Sec 72 Report and submission to the Mayor. ▪ Approval of 2010/2011 adjustments budget by Council. ▪ Tabling of Annual Report in Council.	CFO/ Heads of Departments Municipal Manager/ CFO Municipal Manager/ CFO Municipal Manager/ Mayor	25 January 2012 26 January 2012 31 January 2012 31 January 2012
(B)	**1 February 2012 – 25 February 2012**	First draft of the operational and capital budget for the 2011/2012 to 2013/2014 financial years consolidated	▪ Finance Department to consolidate and prepare the first draft capital and operating budget in the following formats: • High level consolidated format; • Line item budget; and • Proposed Tariffs.	CFO/Manager Accounting/Heads of Departments IDP Rep Forum IDP Rep Forum	18 February 2012 18 February 2012 18 February 2012

		and submitted to the Executive Committee for discussion.	▪ Outline prioritized development projects and setting of targets and indicators ▪ Alignment priority projects with the National Development Goals & PGDP, District IDP, Municipal Vision, and Objectives & Strategies for 2011/12. ▪ Consolidation of sector input on progress made.	IDP Unit	25 February 2012

TIMEFRAME		OBJECTIVE	ACTIVITY	RESPONSIBILITY	TARGET DATE
			Evaluation of and discussions on first draft budget by Executive Committee in line with operational plans, budget guidelines and IDP.	Municipal Manager/ CFO/ Heads of Departments	25 February 2011
(C)	**25 February 2012 – 16 March 2012**	Second draft of the operational and capital budget for the 2011/2012 to 2013/2014 financial years consolidated and submitted to the Executive Committee for discussion.	▪ First draft budget to Finance Portfolio Committee for discussion. ▪ Finance Department to consolidate and prepare the second draft capital and operating budget. ▪ Evaluation and finalisation of the draft 2011/2012 to 2013/2014 operational and capital budgets by the Executive Committee.	CFO/ Municipal Manager CFO/Manager Accounting/Heads of Departments Municipal Manager/ CFO	2 March 2012 9 March 2012 16 March 2012
(D)	**17 March 2012 – 24 March 2012**	Final draft of the operational and capital budgets for the 2011/2012 to 2013/2014 financial	▪ Finance Department to consolidate and prepare	CFO/Manager Accounting/Heads of Departments	17 March 2012

		years consolidated and tabled in Council.	the final draft capital and operating budgets. ▪ Evaluation of and discussions on final draft capital and operating budget and Draft IDP by Council.	Municipal Manager/ Mayor	24 March 2012
(E)	**25 March – 1 April 2012**	Final draft budget circulated to the different Portfolio Committees for comments.	▪ Evaluation of and discussions on final draft budget and draft IDP by Portfolio Committees.	Chairpersons of Portfolio Committees/ Heads of Departments	1 April 2012

TIMEFRAME		OBJECTIVE	ACTIVITY	RESPONSIBILITY	TARGET DATE
(F)	**2 April 2012 – 21 April 2012**	Draft budget to be consulted with the Community, Stakeholders, District Municipality, Provincial and National Government.	▪ Consultation on final draft budget and draft IDP through formal meetings with all possible stakeholders. ▪ Consolidation of report on summary of ward needs collected during Ward to Ward IDP Review 2011-12 Outreach Programme & submission to HODs for highlighting priority issues & development of IDP Objectives & Catalytic projects ▪ Integrate interdepartmental & sector projects with their budget provision (consolidation of annual Budget &IDP Review 2011-11 document) ▪ Evaluation of service delivery achievement and identification of gaps.	Mayor/ Municipal Manager/ CFO IDP / Budget Steering Committee CFO/Heads of Departments IDP / Budget Committee	21 April 2012 21 April 2012 21 April 2012 21 April 2012
(G)	**22 April 2012– 4 May 2012**	Final draft of the operational and capital budgets for the 2011/2012 to 2013/2014 financial	▪ Finance Department to consolidate and prepare the final draft capital and	CFO/Heads of Departments Municipal Manager/	29 April 2012 4 May 2012

		years consolidated and submitted to the Executive Committee for discussion.	operating budgets. ▪ Evaluation of and discussions on final draft by Executive Committee.	CFO	
(H)	**5 May 2012 – 13 May 2012**	Final draft of the operational and capital budgets for the 2011/2012 to 2013/2014 financial years consolidated and submitted to the Council for approval.	▪ Finance Department to consolidate and prepare the final capital and operating budgets. ▪ Adoption of budget and IDP by Council.	CFO/Heads of Departments Municipal Manager/ Mayor	6 May 2012 13 May 2012

TIMEFRAME		OBJECTIVE	ACTIVITY	RESPONSIBILITY	TARGET DATE
(I)	**14 May 2012 – 14 June 2012**	Submission of approved operational and capital budget for the 2011/2012 to 2013/2014 financial years to National Treasury.	▪ Finance Department to submit approved budget to Provincial Treasury and National Treasury.	CFO	14 June 2012
(J)	**14 May 2012 – 30 June 2012**	Preparations for implementation of the approved Budget.	▪ Finance Department to finalise all preparations to ensure proper and timeous implementation of budget, including promulgation of tariffs ▪ Municipal Manager to submit draft SDBIP's and draft performance agreements of all section 57 personnel to Mayor. ▪ Mayor to approve SDBIP's and note performance agreements.	CFO Municipal Manager Municipal Manager/ Mayor	30 June 2012 31 May 2012 or 14 days after approval of budget 14 June 2012 or 14 days after receiving

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

FS164 Naledi (Fs) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Property rates				3,041	3,002	2,355	2,547					
Service Charges - Water				11,800	5,540	2,936	3,230					
Service Charges - Sanitation				3,466	3,019	3,165	3,355					
Service Charges - Refuse				2,105	2,043	2,121	2,248					
Transfers recognised-Operational				18,976	25,769	35,625	35,528					
Other Revenue				1,621	8,187	2,190	1,369					
Rental Of Facilities							331					
Interest earned-external Investments												
Interest earned-Outstanding debtors							167					
Dividents received							10					
Fines							5					
Allocations to other priorities			2									
0			1	41,009	47,560	48,392	48,790	–	–	–	–	–

Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee Related Costs				16,708	17,795	22,534	25,178			24,487	25,654	26,914
Remuneration For Councillors				650	3,450	1,564	1,662			1,739	1,913	2,024
Debt imparement				993	4,058	3,865	718					
Depreciation and asset imparement				–	–	4,500	1,500					
Bulk Purchases				3,735	5,346	4,721	6,000					
Finance Charges				–	–	–	48					
Contribution for 'other' provision				993	4,058	2,676	–					
Consultant fees				–	–	–	742					
Audit Fees				–	1,300	1,351	2,000					
General Expenses				14,592	21,069	8,466	10,044					
Repairs and Maintanance				1,138	1,800	804	878					
Legal Compliance				2,923	1,727	2,456	–					
Electricity				358	589	3,200	–					
Council Costs				10	200	4,230	–					
Mayoral Costs				157	894	650	–					
Allocations to other priorities												
0			1	42,257	62,286	61,017	48,770	–	–	26,226	27,567	28,938

Figure 5 Planning, budgeting and reporting cycle

The performance of the Municipal relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

• Reporting (what information, to whom, from whom, how often and for what purpose); and
• Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:
Figure 6 Definition of performance information concepts
The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 23 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	15.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.6	0.6	0.4	2.5	2.5	–	–	2.4	3.6	4.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	0.6	0.4	2.5	2.5	–	–	2.4	3.6	4.8
Liquidity Ratio	Monetary Assets/Curren	(0.3)	(0.2)	0.4	0.4	0.4	–	–	0.4	0.6	0.8

	t Liabilities										
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	100.0%	100.0%	100.1%	99.4%	0.0%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.0%	100.0%	100.0%	100.1%	99.4%	0.0%	0.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	62.9%	85.9%	0.0%	141.4%	141.2%	0.0%	0.0%	107.9%	101.3%	95.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA's 65(e))										
Creditors to Cash and Investments		-295.0%	350.6%	74.6%	69.1%	82.7%	0.0%	0.0%	70.9%	22.3%	11.1%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	40.7%	37.7%	46.6%	51.6%	47.0%	0.0%	0.0%	44.0%	43.3%	42.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.1%	45.1%	45.5%	52.3%	0.0%	0.0%		47.2%	46.5%	45.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.8%	3.8%	2.9%	1.8%	4.7%	0.0%		4.0%	3.0%	3.4%

Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	9.3%	3.2%	3.2%	0.0%	0.0%	2.7%	2.5%	2.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	–	–	–	–	–	–	–
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	126.3 %	297.8%	0.0%	589.2%	589.7%	0.0%	0.0%	371.9%	356.5%	342.4%
iii. Cost coverage	(Available cash + Investments)/ monthly fixed operational expenditure	(4.1)	4.1	11.4	13.3	11.5	–	–	12.0	23.6	35.8

2.4 Overview of budget related-policies

The Municipal budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2011 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration Naledi Local Municipality 2012/13 Annual Budget and MTREF process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

2.4.2 Asset Management, Infrastructure Investment

The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2009. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

All the above policies are available, as well as the following budget related policies:
• Property Rates Policy;
• Credit Control Policy
• Basic Social Services Package (Indigent Policy).

2.7 Expenditure on grants and reconciliations of unspent funds

Table 24 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		20,988	25,769	32,082	35,528	35,528	–	39,482	42,389	45,567
Local Government Equitable Share		18,128	23,469	29,882	33,288	33,288		37,182	40,019	43,117
Finance Management		500	1,000	1,200	1,450	1,450		1,500	1,500	1,500
Municipal Systems Improvement		2,360	1,300	1,000	790	790		800	870	950
Other transfers/grants [insert description]										
Provincial Government:		–	–	83	–	–	–	–	–	–
Sport and Recreation		–	–	83						
Other transfers/grants [insert description]										

District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	6,834	–	–	–	–	–	–	–
GRANT-MOTHEO SENIOR TECHNICIAN		–	6,834							
Total operating expenditure of Transfers and Grants:		20,988	32,603	32,165	35,528	35,528	–	39,482	42,389	45,567
Capital expenditure of Transfers and Grants										
National Government:		9,928	10,605	12,634	15,598	15,598	–	18,663	18,105	19,152
Municipal Infrastructure Grant (MIG)		9,928	10,605	11,764	14,149	14,149		17,163	18,105	19,152
Regional Bulk Infrastructure		–	–	–	–	–		500	–	–
EPWP		–	–	870	1,449	1,449		1,000	–	–
Provincial Government:		–	–	3,460	–	–	–	–	–	–
Other capital transfers/grants [insert description]				3,460						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	1,828	–	–	–	–	–	–	–
GRANT-MOTHEO SENIOR T			1,828							
Total capital expenditure of Transfers and Grants		9,928	12,433	16,094	15,598	15,598	–	18,663	18,105	19,152
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		30,916	45,036	48,259	51,126	51,126	–	58,145	60,494	64,719

Table 25 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									

National Government:										
Balance unspent at beginning of the year		25,631	25,769	32,082	35,528	35,528		39,482	42,389	45,567
Current year receipts										
Conditions met - transferred to revenue		25,631	25,769	32,082	35,528	35,528	–	39,482	42,389	45,567
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		–	–	83						
Conditions met - transferred to revenue		–	–	83	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year		(193)								
Current year receipts										
Conditions met - transferred to revenue		(193)	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year				3,460						
Current year receipts										
Conditions met - transferred to revenue		–	–	3,460	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		25,438	25,769	35,625	35,528	35,528	–	39,482	42,389	45,567
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	10,605	12,634	15,598	15,598		18,663	18,105	19,152
Current year										

receipts										
Conditions met - transferred to revenue		–	10,605	12,634	15,598	15,598	–	18,663	18,105	19,152
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	10,605	12,634	15,598	15,598	–	18,663	18,105	19,152
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		25,438	36,374	48,259	51,126	51,126	–	58,145	60,494	64,719
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

2.8 Councillor and employee benefits

Table 26 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		342	2,465	1,564	1,232			1,301	1,431	1,494
Pension and UIF Contributions								28	30	33
Medical Aid Contributions		13	132	–	–					
Motor Vehicle Allowance			737							
Cellphone Allowance										
Housing Allowances			105		430					
Other benefits and allowances			11					411	452	497
Sub Total - Councillors		355	3,450	1,564	1,662	–	–	1,739	1,913	2,024
% increase	4		871.8%	(54.7%)	6.3%	(100.0%)	–	–	10.0%	5.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	2,510	2,808	2,808			3,030	3,060	3,090
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		–	2,510	2,808	2,808	–	–	3,030	3,060	3,090
% increase	4		–	11.9%	–	(100.0%)	–	–	1.0%	1.0%

Other Municipal Staff										
Basic Salaries and Wages		9,823	10,525	13,402	21,031			21,457	22,594	23,824
Pension and UIF Contributions		2,003	1,877	2,017						
Medical Aid Contributions		1,991	690	1,028						
Overtime				1,027						
Performance Bonus		618	986							
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3			31						
Other benefits and allowances	3	430	1,207	127						
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		14,865	15,285	17,632	21,031	–	–	21,457	22,594	23,824
% increase	4		2.8%	15.4%	19.3%	(100.0%)	–	–	5.3%	5.4%
Total Parent Municipality		15,220	21,245	22,004	25,501	–	–	26,226	27,567	28,938
			39.6%	3.6%	15.9%	(100.0%)	–	–	5.1%	5.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		15,220	21,245	22,004	25,501	–	–	26,226	27,567	28,938
% increase	4		39.6%	3.6%	15.9%	(100.0%)	–	–	5.1%	5.0%
TOTAL MANAGERS AND STAFF	5	14,865	17,795	20,440	23,839	–	–	24,487	25,654	26,914

Disclosure of Salaries, Allowances & Benefits 1.Salary Contrib

Table 27 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		419,951					419,951
Chief Whip								–
Executive Mayor								–
Deputy Executive Mayor								–
Executive Committee								–
Total for all other								

councillors			1,319,132					1,319,132
Total Councillors	8	–	1,739,083	–	–			1,739,083
Senior Managers of the Municipality	5							
Municipal Manager (MM)			900,000					900,000
Chief Finance Officer			720,000					720,000
Director Corporate Services			700,000					700,000
Director Technical Services			710,000					710,000
								–
								–
List of each offical with packages >= senior manager								
Total Senior Managers of the Municipality	8	–	3,030,000	–	–	–		3,030,000
A Heading for Each Entity	6,7							
List each member of board by designation								
Total for municipal entities	8	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		–	4,769,083	–	–	–		4,769,083

Table 28 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		8	1	7	8	1	7	8	1	7
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4	–	4	4	–	3	4	–	4
Other Managers	7									
Professionals		*132*	*123*	*9*	*132*	*120*	*12*	*161*	*131*	*30*
Finance		27	18	9	27	18	9	35	29	6
Spatial/town planning										

Information Technology										
Roads		17	17	–	17	17	–	20	10	10
Electricity										
Water		16	16	–	16	16	–	20	20	–
Sanitation		21	21		21	21		30	21	9
Refuse		10	10		10	10		15	10	5
Other		41	41		41	38	3	41	41	–
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		5	5	–	5	3	3	8	8	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		149	129	20	149	124	25	181	140	41
% increase					–	(3.9%)	25.0%	21.5%	12.9%	64.0%

2.9 Monthly targets for revenue, expenditure and cash flow

Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref				
R thousand		June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source	-				
Property rates		3,926	3,926	4,094	4,299
Property rates - penalties & collection charges		–	–	–	–
Service charges - electricity revenue		–	–	–	–
Service charges - water revenue		4,391	4,391	4,561	4,739
Service charges - sanitation revenue		4,523	4,523	4,699	4,884

Service charges - refuse revenue		3,294	3,294	3,479	3,603
Service charges – other		–	–	–	–
Rental of facilities and equipment		–	–	–	–
Interest earned - external investments		–	–	–	–
Interest earned - outstanding debtors		–	–	–	–
Dividends received		–	–	–	–
Fines		–	–	–	–
Licences and permits		–	–	–	–
Agency services		–	–	–	–
Transfers recognised – operational		39,482	39,482	42,389	45,567
Other revenue		–	–	–	–
Gains on disposal of PPE		–	–	–	–
Total Revenue (excluding capital transfers and contributions)		55,616	55,616	59,222	63,091
Expenditure By Type	-				
Employee related costs		24,487	24,487	25,654	26,914
Remuneration of councilors		1,739	1,739	1,913	2,024
Debt impairment		1,400	1,400	1,420	1,440
Depreciation & asset impairment		1,500	1,500	1,500	1,500
Finance charges		–	–	–	–
Bulk purchases		7,000	7,000	8,000	9,000
Other materials		–	–	–	–
Contracted services		–	–	–	–
Transfers and grants		–	–	–	–
Other expenditure		19,291	19,291	21,474	14,392
Loss on disposal of PPE		–	–	–	–
Total Expenditure		55,417	55,417	59,961	55,270
Surplus/(Deficit)		199	199	(739)	7,821
Transfers recognised – capital		18,663	18,663	18,105	19,152
Contributions recognised – capital		–	–	–	–
Contributed assets		–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		18,862	18,862	17,366	26,973
Taxation		–	–	–	–
Attributable to minorities		–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–
Surplus/(Deficit)	1	18,862			

			18,862	17,366	26,973

Table 30 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Medium Term Revenue and Expenditure Framework					
R thousand		April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	-						
Vote 1 - THE COUNCIL				9,725	9,725	10,247	10,834
Vote 2 - BUDGET AND TREASURY OFFICE				15,512	15,512	16,562	17,956
Vote 3 - CORPORATE SERVICES				5,096	5,096	5,499	5,932
Vote 4 - TECHNICAL SERVICES				43,097	43,097	33,062	39,493
Vote 5 - PLANNING AND DEVELOPMENT				849	849	964	1,094
Vote 15 - [NAME OF VOTE 15]				–	–	–	–
Total Revenue by Vote		–	–	74,279	74,279	66,335	75,310
Expenditure by Vote to be appropriated	-						
Vote 1 - THE COUNCIL				10,332	10,332	10,737	11,251
Vote 2 - BUDGET AND TREASURY OFFICE				14,428	14,428	15,366	15,525
Vote 3 - CORPORATE SERVICES				6,297	6,297	6,526	6,957
Vote 4 - TECHNICAL SERVICES				42,472	42,472	44,837	40,040
Vote 5 - PLANNING AND DEVELOPMENT				550	550	600	650
Vote 6 - [NAME OF VOTE 6]				–	–	–	–
Vote 7 - [NAME OF VOTE 7]				–	–	–	–
Vote 8 - [NAME OF VOTE 8]				–	–	–	–
Vote 9 - [NAME OF VOTE 9]				–	–	–	–
Vote 10 - [NAME OF VOTE 10]				–	–	–	–
Vote 11 - [NAME OF VOTE 11]				–	–	–	–
Vote 12 - [NAME OF VOTE 12]				–	–	–	–
Vote 13 - [NAME OF VOTE 13]				–	–	–	–
Vote 14 - [NAME OF VOTE 14]				–	–	–	–
Vote 15 - [NAME OF VOTE 15]				–	–	–	–
Total Expenditure by Vote		–	–	74,080	74,080	78,066	74,422
Surplus/(Deficit) before assoc.		–	–	199	199	(11,731)	887
Taxation				–	–	–	–
Attributable to minorities				–	–	–	–
Share of surplus/ (deficit) of associate				–	–	–	–
Surplus/(Deficit)	1	–	–	199	199	(11,731)	887

Table 31 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Medium Term Revenue and Expenditure Framework					
R thousand		April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard							
Governance and administration		–	–	31,366	31,366	33,426	35,964
Executive and council				9,725	9,725	10,247	10,834
Budget and treasury office				15,512	15,512	16,562	17,956
Corporate services				6,129	6,129	6,616	7,174
Community and public safety		–	–	7,860	7,860	4,705	4,684
Community and social services				6,745	6,745	3,529	3,441
Sport and recreation				–	–	–	–
Public safety				100	100	108	116
Housing				134	134	144	155
Health				881	881	925	971
Economic and environmental services		–	–	5,216	5,216	7,276	14,928
Planning and development				849	849	964	1,094
Road transport				4,367	4,367	6,312	13,834
Environmental protection				–	–	–	–
Trading services		–	–	29,837	29,837	20,927	19,734
Electricity				760	760	280	302
Water				17,713	17,713	10,044	8,707
Waste water management				6,743	6,743	5,768	5,661
Waste management				4,621	4,621	4,835	5,064
Other				–	–	–	–
Total Revenue - Standard		–	–	74,279	74,279	66,335	75,310
		–	–				
Expenditure - Standard							
Governance and administration		–	–	32,211	32,211	33,907	34,911
Executive and council				10,332	10,332	10,737	11,251
Budget and treasury office				14,428	14,428	15,366	15,525
Corporate services				7,451	7,451	7,804	8,136
Community and public safety		–	–	8,197	8,197	4,905	4,992
Community and social services				6,745	6,745	3,466	3,321
Sport and recreation				–	–	–	–
Public safety				300	300	230	400
Housing				271	271	285	299
Health				881	881	925	971
Economic and environmental services		–	–	3,832	3,832	5,662	13,046
Planning and development				550	550	600	650
Road transport				3,282	3,282	5,062	12,396
Environmental protection				–	–	–	–
Trading services		–	–	29,839	29,839	33,591	21,473
Electricity				1,500	1,500	1,100	1,400
Water				20,253	20,253	25,203	12,709
Waste water management				5,335	5,335	4,424	4,383
Waste management				2,751	2,751	2,864	2,980
Other				–	–	–	–
Total Expenditure - Standard		–	–	74,080	74,080	78,066	74,422

Surplus/(Deficit) before assoc.		–	–	199	199	(11,731)	887
Share of surplus/ (deficit) of associate				–	–	–	–
Surplus/(Deficit)	1	–	–	199	199	(11,731)	887

Table 32 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Medium Term Revenue and Expenditure Framework					
R thousand		April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1						
Governance and administration		–	–	–	–	–	–
Executive and council				–	–	–	–
Budget and treasury office				–	–	–	–
Corporate services				–	–	–	–
Community and public safety		–	–	3,710	3,710	358	–
Community and social services				–	–	–	–
Sport and recreation				3,710	3,710	358	–
Public safety				–	–	–	–
Housing				–	–	–	–
Health				–	–	–	–
Economic and environmental services		–	–	1,583	1,583	6,000	6,452
Planning and development				–	–	–	–
Road transport				1,583	1,583	6,000	6,452
Environmental protection				–	–	–	–
Trading services		–	–	12,510	12,510	10,839	11,700
Electricity				500	500	–	–
Water				9,900	9,900	10,241	10,500
Waste water management				2,110	2,110	598	1,200
Waste management				–	–	–	–
Other				860	860	908	1,000
Total Capital Expenditure - Standard	2	–	–	18,663	18,663	18,105	19,152

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In-year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department.

3. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice, was announced in Government Gazette on. The ratios as prescribed in the Regulations have been complied with.